GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA

UNSTARRED QUESTION NO:5757
ANSWERED ON:03.05.2000
SUBSIDY ON FERTILIZERS
NARESH KUMAR PUGLIA

Will the Minister of AGRICULTURE be pleased to state:

(a) whether the attention of the Government has been drawn towards a news-item captioned "Farmers receive just half of fertilizer subsidy appearing in the Indian Express dated April 10,2000;

(b) if so, the facts reported therein; and

(c) the reaction of the Government thereto?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE

(SHRI SBPBK SATYANARAYANA RAO)

(a) Yes, Sir.

(b)&(c) The news-item refers to a study by an economist which has concluded that the gains from subsidy on urea are shared by the farmers and the industry equally. This conclusion is based on a number of assumptions which have either undergone change already or are not maintainable. The subsidy on urea is the difference between the Retention Price and the Maximum Retail Price which is statutorily notified by the Government. Therefore, the benefit of the subsidy goes to the farmers. The only conceivable subsidy to the industry is to the extent of gold-plating of capacities by some of the urea manufacturing units. This has been got assessed through an Expert Committee specially constituted for the task. The purchase of indigenous urea from high cost producing units is being done out of the over-riding consideration of maximum self-suffeiency in nitrogen in the country.